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PRESS RELEASE

U.S. Supports the second phase of the decentralization process in Macedonia

On October 25, 2007, USAID-funded Business Environment Activity (BEA) and the Ministry of Finance organized a conference to address the issues around the second phase of fiscal decentralization of municipalities. The conference topics covered the requirements of central Government, creditworthiness of municipalities, and various credit mechanisms available to local government.

"The Republic of Macedonia, like many other countries in transition, has faced the challenge of decentralization of numerous functions that the central government was performing before. The need to ensure greater economic stability and higher quality of public services motivated the country to initiate system restructuring. This includes providing quality financing for municipalities," said Michael Eddy, USAID Acting Mission Director.

The second phase of fiscal decentralization started on July 1, 2007. It will allow the municipalities to borrow both domestically and internationally with prior approval by the Government, which represents a stronger guarantee for potential investors. To facilitate this process, the BEA project unveiled two brochures at the conference. The *Manual for Local Self-Government Creditworthiness Analysis* will help financial officers to evaluate the current creditworthiness of a local government unit. The *Manual for Capital Investment Planning of Local Government in Macedonia* will guide municipalities through the process of capital investment planning in preparation for loan application.

The conference was opened by the Minister of Finance, Trajko Slaveski, Ph.D., USAID Acting Mission Director, Michael Eddy, and BEA Chief of Party, Aleksandar Shahov. Representatives from the Ministry of Finance, ZELS, central and local government and the financial community participated in the working session.

The American people, through USAID, have invested nearly \$500 million in Macedonia since 1993. USAID is implementing projects that create jobs, reduce corruption, and prepare Macedonian students for the workforce. These initiatives improve the quality of life and support Macedonia's transition to a stable democracy. USAID provides economic and humanitarian assistance in more than 100 countries. For more information please visit <http://macedonia.usaid.gov>.